

# Project Success as the Customer Sees It

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# Sydney Opera House

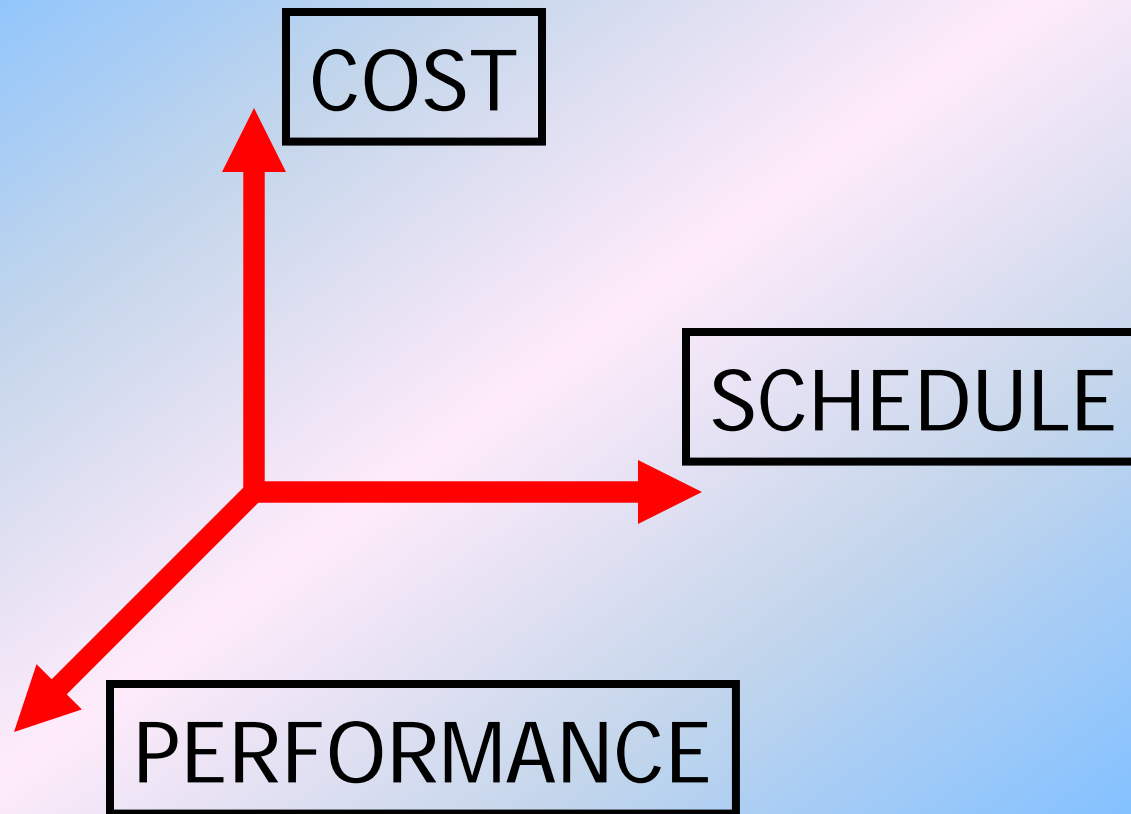


# Project Orion



- PMI's International Project of the Year 1997

# Traditional Project Management



# Traditional Project Management

Pinto & Slevin

“Projects are often rated successful because they have come in on or near budget and schedule and achieved a successful level of performance.”

# Project Management Scorecard

• Standish Chaos Report	1994	2000
– Schedule	189%	45%
– Cost	222%	63%

# Project Management Scorecard

• Standish Chaos Report	1994	2000
– Successful	16%	28%
– Canceled	31%	23%

# Project Management Scorecard

- Cooke-Davies

– Schedule 16% late

– Cost 4% over

**WHO CARES?**



# Sydney Opera House



- Cost overrun  
1300%
- Schedule overrun  
250%

Key to success: **city image**

# 2002 Olympic Winter Games



- Projected \$100 million deficit
- Actual \$400 million profit

Key to success: **profitability**

# Batu Hijau Copper Mine

- \$100 million under budget
- 1 month early



Key to success: rapid startup

# Project Orion



- PMI's International Project of the Year 1997

Key to success: **increase revenue**

# Corporate Intranet



- Small budget over-run
- 1 month late

Key to success: **use**



# Water Conservation Program



- Unproven technology
- Firm cost and schedule commitment

Key to success: **satisfy regulators**

# Manufacturing Plant Optimization



- Original schedule:  
18 months
- Actual completion  
5 years

Key to success: **production**

# Laptop Upgrade



- Minimize laptop lease costs
- Accelerate schedule

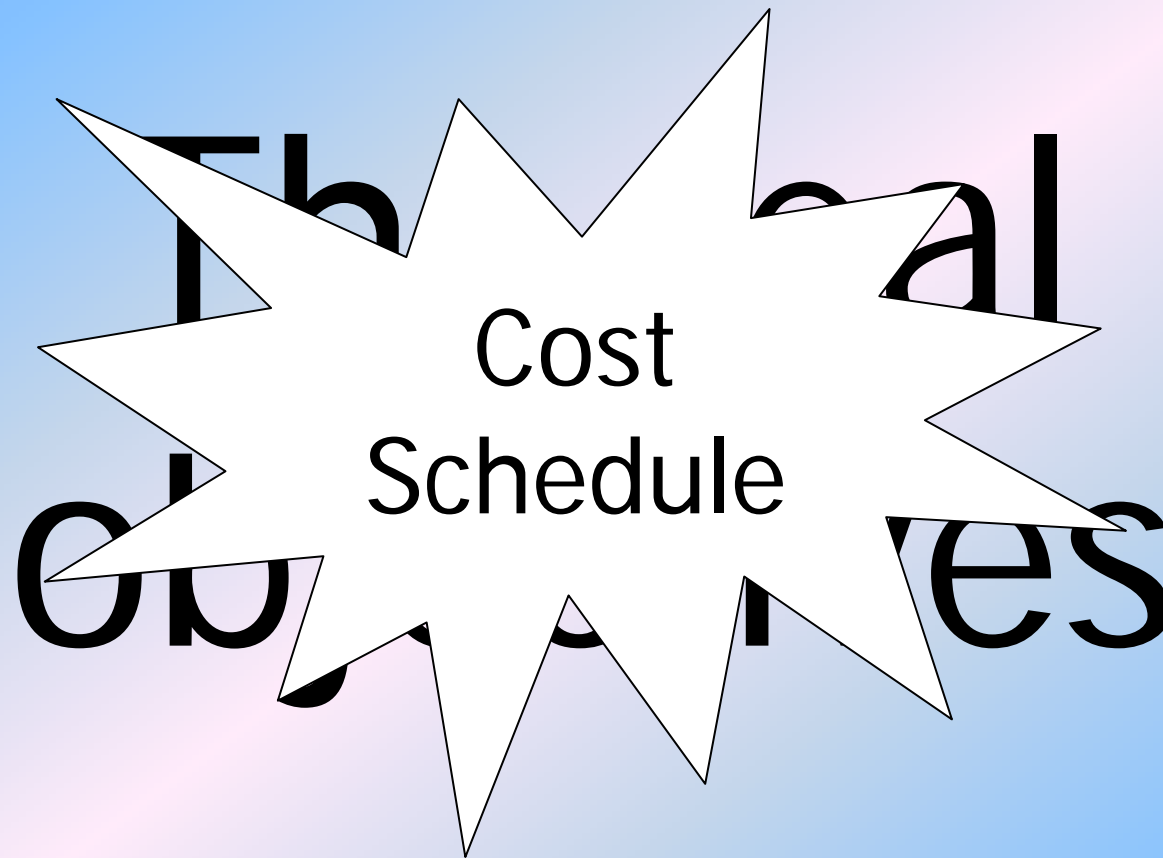
Key to success: **productivity**



# Do Cost and Schedule Matter?

**YES**

- Contract management
- Component and assembly
- Date-critical events



# Alternative Approaches

- Balanced scorecard  
(Kaplan and Norton)
- Four success dimensions  
(Shenhar)

# Alternative Approaches

## Four success dimensions (Shenhar)

- Project efficiency
- Impact on customer
- Business success
- Preparing for the future

# The Real Key to Success

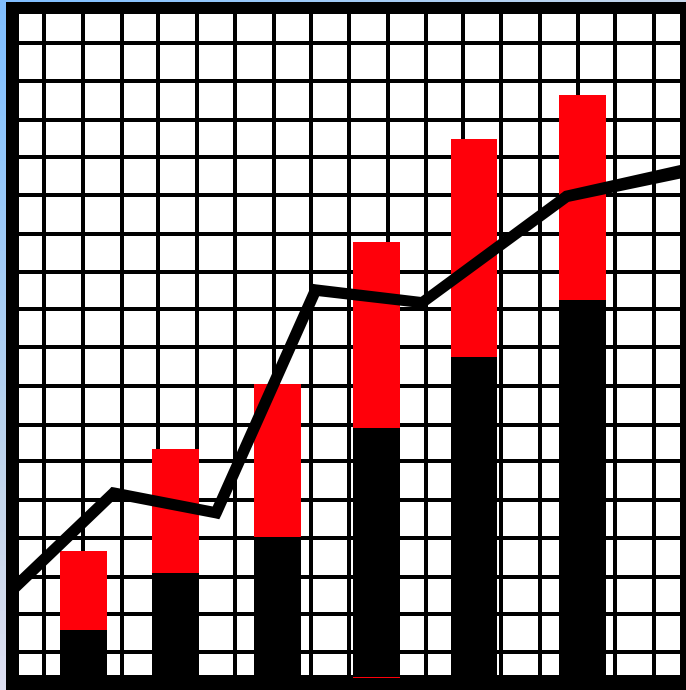
Project managers must formulate objectives in the customer's terms

- Enhanced revenue
- Increased productivity
- Operating efficiency
- Customer satisfaction

“The result is that while project management has historically been seen within a well-defined context of executing a task ‘on time, in budget, to scope,’ it is increasingly being seen that it has to operate within a much broader, and subtler environment.”

-Peter Morris, 2003

# Your Project



✓ On time

✓ Under budget

Key to success: "so what?"

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